

CITY CLERK  
HONOLULU, HAWAII

February 22, 2006

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The Honorable Ann Kobayashi, Chair  
and Members of the Budget Committee  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

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Dear Chair Kobayashi and Committee Members:

Bills 18 and 20

The Mayor's Property Tax Policy Advisory Committee has met on three occasions to discuss near-term property tax relief and longer term Property Tax Policy. In connection with the City Council's review of pending property tax legislation, we thought it might be helpful if we relayed some of our provisional thoughts.

Overall, most of the committee members are of the view that some form of near-term tax relief is appropriate given the large year over year increase in property valuations. However, the majority believes that lowering the rate would be the most appropriate means for implementing such tax relief both for reasons of simplicity and because any changes in exemptions or other aspects of property tax legislation should only be undertaken in the context of a broad review of the City and County's approach to property tax legislation.

We also understand that Bill 18 and 20 have as their motivation increased taxpayer flexibility. The committee is very supportive of the concept of providing taxpayers greater flexibility, but believe that any implementation of increased flexibility should be accomplished in conjunction with the private sector.

We hope that you find these views helpful in your deliberations.

Thank you for your time.

Sincerely,

Karl Essig, Chairman  
On behalf of the Tax Policy Advisory Committee

Misc. Com. No. 0547  
BUDGET